Attachment N.10. Resource Management Risk Indicator Tool

This information is being collected from State agencies, school food authorities, schools. This is a revision of a currently approved information collection. The Richard B. Russell National School Lunch Act (NSLA) 42 U.S.C. § 1758, as amended, authorizes the National School Lunch Program (NSLP). This information is required to administer and operate this program in accordance with the NSLA. Under the Privacy Act of 1974, any personally identifying information obtained will be kept private to the extent of the law. According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0584-0006. The time required to complete this information collection is estimated to average 47.5 hours of reporting burden per response. The burden consists of the time it takes for the State agency to conduct the off-site portion of the review which includes scheduling of the review and the completion of the Off-site Assessment, Resource Management Risk Indicator, and Site Selection Tools. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to: U.S. Department of Agriculture, Food and Nutrition Services, Office of Policy Support, 3101 Park Center Drive, Room 1014, Alexandria, VA 22302, ATTN: PRA (0584-0006). Do not return the completed form to this address.

OMB #0584-0006
Expiration Date xx/xx/20xx

United States Department of Agriculture
Food and Nutrition Service

Resource Management Risk Indicator Tool Instructions

This tool is used to assess risk indicators to determine whether a comprehensive resource management review will be required. The risk level is based on the responses provided by the SFA and/or interview with the SFA contact. For all resource management review areas, the State agency has discretion to determine if the Resource Management Review Period will be the SFA's most recently completed school year or last audited year. State agencies may choose to review the current school year when assessing risk under the Paid Lunch Equity and/or Revenue from Nonprogram Foods if sufficient data is available. Refer to the Resource Management Off-site Assessment Module for additional information regarding the questions. Please note: SA reviewers may not provide the RM Risk Indicator Tool to an SFA for completion; the Tool must be completed based on the answers and any additional information provided by the SFA as part of the Off-site Assessment Tool.

The State agency must indicate the time frame it is using (previous school year/last audited school year/current school year) to review each resource management area underneath the applicable RM review area. This information should also be noted in the Off-site Assessment Tool. Please note: the current school year may only be used when reviewing the Paid Lunch Equity and/or Revenue from Nonprogram Foods.

Legend **(Note: conditional formatting is used for the Fill format in column C (e.g. "Risk Flag" = red, "No Flag" equals light blue)**

Risk Level:

If a "*Risk Flag* " is identified, this indicates **the SFA is at risk** for noncompliance with the resource management requirements in this area. The SA must conduct a comprehensive review of each resource management area in which risk flags are assessed.	***= Risk Flag***
If "*No Flag* " is identifed, no comprehensive review is needed of this resource management area.	***= No Flag***

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Resource Management Risk Indicator Tool

This tool assesses the need for a comprehensive review of the four resource management areas, Maintenance of the Nonprofit School Food Service Account, Paid Lunch Equity, Revenue from Nonprogram foods, and Indirect Costs. The SA should use the SFA's answers included in the Off-site Assessment Tool and consider any additional clarification provided by the SFA in the Off-site Assessment Tool comments, to complete this tool using the drop down answer options, as applicable. States may also use other information, such as SFA financial data collected by the State, audits, etc., to validate SFA answers provided in the Off-site Assessment Tool. If one or more resource management risk indicators is assessed in one of the resource management areas, the SA must conduct a comprehensive review of the resource management area in which the risk indicator was assessed. Comprehensive reviews must be conducted only in those resource management areas in which a risk indicator is assessed; however, State agencies are encouraged to conduct comprehensive reviews of any/all sections at any time if there are concerns or questions about the SFA's financial management of the nonprofit school food service account. **This tool is for SA use only and should never be sent to the SFA for completion.**

Risk Indicator	
Maintenance of the Nonprofit School Food Service Account	
Review Period Selected by State agency:	
Did the SFA have the ability to accurately track all revenues and expenditures for the nonprofit school food service separately from all other transactions?	-- SELECT VALUE --
Comments	
At the end of the SFA's RM review period, did the food service have net cash resources that exceeded three months' average expenditures?	-- SELECT VALUE --
Comments:	
Did the SFA transfer funds other than approved indirect costs out of the food service account to support general school district expenses or non-food service-related activities?	-- SELECT VALUE --
Comments:	
Excluding the purchase of equipment using equipment grant funds, if the SFA used food service funds to buy equipment during the school year under review, did it receive prior approval from the State agency either directly or via the State's pre-approved equipment list?	-- SELECT VALUE --
Comments:	
Did the SFA have any financial findings related to unallowable costs or financial mismanagement in the child nutrition programs on a previous administrative review or as part of an audit (for example, OIG, Single Audit (previously called A-133 audits), other state audits) within the past three years?	-- SELECT VALUE --
Comments:	
Did the SFA have internal control procedures in place to ensure that only allowable costs were charged to the nonprofit school food service account?	-- SELECT VALUE --
Comments:	
Is a comprehensive review of this area needed?	*No flag*
Paid Lunch Equity	
Review Period Selected by State agency:	
Did the SFA use the USDA Paid Lunch Equity Tool or a comparable mechanism to evaluate its need to raise its paid lunch prices?	-- SELECT VALUE --
Comments:	
Did the SFA receive a transfer of non-Federal funds into the food service account to reduce or eliminate the need to raise paid lunch prices?	-- SELECT VALUE --
Comments:	
Did the SFA adjust its paid lunch prices for the RM Review Period at the level at or above what was required by the USDA Paid Lunch Equity tool or comparable mechanism?	-- SELECT VALUE --
Comments:	
Is a comprehensive review of this area needed?	*No Flag*
Revenue from Nonprogram Foods	
Review Period Selected by State agency:	
With the exception of milk, did the SFA sell Smart Snacks, second entrees, and/or catering (e.g., foods/beverages for school board meetings; foods for outside entities and programs)?	-- SELECT VALUE --
Comments:	
If the SFA provided adult meals for teachers and/or parents, did it obtain full payment from the adults receiving the meals and/or recover the cost of those meals by some other means (general fund transfer, etc.)?	-- SELECT VALUE --
Comments:	
If the SFA charged for adult meals, were the meal prices sufficient to cover the overall cost of the meals in compliance with FNS Instruction 782-5, Rev. 1?	-- SELECT VALUE --
Comments:	
Is a comprehensive review of this area needed?	*No Flag*
Indirect Costs	
Review Period Selected by State agency:	
Were indirect costs charged to the SFA's nonprofit school food service account?	-- SELECT VALUE --
Comments:	
Is a comprehensive review of this area needed?	*No Flag*

If a risk indicator is assessed in any of the four Resource Management review areas, a comprehensive review of that review area must occur.

Comment Box:

The *Resource Management Risk Indicator Tool* must be used to calculate automatically whether a RM comprehensive review is required.

1) **Maintenance of the Nonprofit School Food Service Account**

Risk Indicators : The SFA will receive a risk indicator(s) if it:

- did not have the ability to clearly and accurately track nonprofit school food service revenues and expenses;
- had more than three months' average operating expenses;
- transferred funds, other than for approved indirect costs, out of the nonprofit school food service account to support the General Fund and/or other non food service-related expenses;
- did not receive prior approval from the State agency prior to purchasing equipment costing at or below the SFA's capitalization threshold or $5,000 or above, whichever is lower;
- did not have sufficient internal controls to ensure that only allowable costs were charged to the nonprofit school food service account.

2) **Paid Lunch Equity**

Risk Indicators : The SFA will receive a risk indicator(s) if it:

- did not use the USDA Paid Lunch Equity Tool or a comparable substitute to evaluate its paid lunch price and charged less than the average weighted average at all sitess;
- used non-Federal funds to support its paid lunch prices,
- did not increase its paid lunch prices if the Paid Lunch Equity Tool indicated an increase in its paid lunch prices was required.

3) **Revenue from Nonprogram Foods**

Risk Indicators : The SFA catered meals, sold Smart Snacks (excluding milk), and second meals; did not recoup the cost associated with adult meals; or did not charge their adult meals in compliance with FNS Instruction 782-5, Rev.1.

4) **Indirect Costs**

Risk Indicator :

- The nonprofit school food service account was charged indirect costs.